VettaFi Enhanced Value Index Series Methodology

- VettaFi US Enhanced Value Index   VEVAL

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Introduction

Index Objective

The VettaFi US Enhanced Value index measures the performance of US Large & Mid Cap companies that exhibit high value traits. The index is subject to sector and individual security weight constraints. The constituents are weighted by the product of the Float Adjusted Market Capitalization and Value Score.

Index Family & Highlights

The index family includes the following:

- VettaFi US Enhanced Value Index

The strategy aims to select high value companies from the universe. It uses current and forward-looking fundamentals to assign a value score to each company. The index is rebalanced semi-annually.

Dates

Reference Dates: Close of first Friday of June and December

Reconstitution Dates: Indexes reconstituted semi-annually on the third Friday of June and December.

Weight Date: Six business days prior to Rebalance Date.

Rebalance Dates: Indexes are rebalanced semi-annually on the third Friday of June and December.

Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein.

The list of the main supplemental documents for this methodology can be found in the Methodologies and Governance tabs on the Index Resources page as follows:

Supporting Documents
Index Maintenance Policy
Index Governance
Index Policies
Methodology Policies
Glossary
Index Change and Consultation Policy

Eligibility Criteria and Index Construction

Universe

The starting universe for each index is as follows:

Index	Index Universe
VettaFi US Enhanced Value Index	SNR1000 – VettaFi US Equity Large/Mid-Cap 1000 Index

Multiple Share Classes and Dual Listed Companies

Each company is represented once by the listing with the highest liquidity subject to meeting the eligibility criteria. Ranking is by company market cap and weighting is by eligible company float market cap.

Index Construction

Constituent Selection

The selection of index constituents from the starting universe is as follows:

Calculate composite value score using values for the following five factors.

- Book to price

- Earnings/price

- Sales to prices

- Dividend yield

- Free cash flow yield

    Both Current and Forward-Looking values are used while computing each factor except for the free cash flow yield where only the forward-looking factor is used.

Select top 100 companies by composite value scores from the starting universe.

For more details on the factors and z-score / winsorization used in calculation, please see Appendix.

Constituent Weightings & Constraints

The steps are as follows:

- Set initial constituent weight of the selected securities as follows:

$$wi, t = \frac{\text{fmcapi,t} * \text{value score i,t}}{\sum \text{fmcapi,t} * \text{value score i,t}}$$

where:

$w_{i,t}$ = weight of stock i at the close of day t

$fmcap_{i,t}$ = float market cap of stock i at the close of day t

- Securities are weighted by the product of float market cap and value score.

- Constrain the universe of selected stocks to a maximum of 7% or 3x the weight within the starting universe.

- Constrain the sector weights to a maximum of 10% over and under the starting Universe Sector Weight.

- Excess weight is distributed proportionally to uncapped securities within the index.

- If constraints are not met, stocks are added iteratively per sector in order of their composite value scores until stock and sector level constraints are met. As a result, the final constituent number is dynamic per rebalance.

Index Maintenance

Rebalancing and Reconstitution

The Indexes are rebalanced on the "Rebalance Date" and additionally reconstituted on the

"Reconstitution Date".

Pricing used in share weights used for reconstitutions are as of the "Weight Date". Share weights for the rebalanced Indexes are computed as of the "Weight Date". Changes to the Indexes related to the rebalances are as of the "Rebalance Date". Additions are only made on reconstitution dates.

Corporate Actions

Please refer to the Index Maintenance Policy document for information on Corporate Action processing.

Base Date and History Availability

Index history availability, base dates and base values are shown in the table below.

Index	Price Index	Base Date	Base Value	Total Return Index	Base Date	Base Value	Launch Date
VettaFi US Enhanced Value Index	VEVAL	12/17/04	1000	VEVALTR	12/17/04	1000	11/30/23

Index Calculation

Please refer to the Index Maintenance Policy document for information on index calculations.

Index Governance

The index is governed and managed by a VettaFi Index Committee for the purpose of meeting the goals of the index. For more information, please refer to the Index Governance document.

Index Policies

Please refer to the Index Policies document for information regarding Announcements, Holiday Schedules, Unexpected Exchange Closures, and Recalculation Policy.

Contact Information

For any questions regarding an index, please contact: index.production@vettafi.com

Appendix

Value Score:

The composite value score is an equally weighted average of the z scores of five fundamental factors that uses current and 1 year forward looking values.

Z score and Winsorization:

The z-score for each of the fundamental variables for each security is calculated using the mean and standard deviation of the relevant variable within each of the index universes The z-score above +3 is capped at +3 and z-score below -3 is capped at -3.

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